

**SENATE, No. 2281**

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**STATE OF NEW JERSEY**

**213th LEGISLATURE**

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INTRODUCED OCTOBER 20, 2008

**Sponsored by:**

**Senator THOMAS H. KEAN, JR.**

**District 21 (Essex, Morris, Somerset and Union)**

**Senator ANTHONY R. BUCCO**

**District 25 (Morris)**

**Co-Sponsored by:**

**Senators Oroho, O'Toole, Haines, Singer, Cardinale, Kyrillos, Bateman  
and Allen**

**SYNOPSIS**

Designated the Shop Here, Save Money, Secure Jobs Act of 2008; establishes sales and use tax rate reduction period from November 28, 2008 through January 4, 2009, sets reduction period tax rate at 3.5%

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT establishing a period of reduced sales and use tax  
2 imposition, designated as the Shop Here, Save Money, Secure  
3 Jobs Act of 2008, supplementing P.L.1966, c.30 (C.54:32B-1 et  
4 seq.).

5  
6 **BE IT ENACTED** by the Senate and General Assembly of the State  
7 of New Jersey:

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9 1. a. Notwithstanding the provisions of sections 3, 4 and 6 of  
10 P.L.1966, c.30 (C.54:32B-3, 54:32B-4, and 54:32B-6) to the  
11 contrary, the sales tax and the use tax which shall be paid pursuant  
12 to the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.)  
13 are imposed at the rate of 3.5% on sales made during the tax  
14 reduction period, admissions charges paid during the tax reduction  
15 period, rents for occupancies during the tax reduction period, and  
16 uses beginning during the tax reduction period.

17 b. As used in this section,

18 "Tax reduction period" means the period after November 27,  
19 2008 but before January 5, 2009.

20 c. Notwithstanding any provision of P.L.1968, c.410 (C.52:14B-  
21 1 et seq.) to the contrary, the director may adopt immediately upon  
22 filing with the Office of Administrative Law such regulations as the  
23 director deems necessary to implement the provisions of this  
24 section, which shall be effective for a period not to exceed 180 days  
25 following the date of enactment of P.L. , c. (C. ) (pending  
26 before the Legislature as this bill) and may thereafter be amended,  
27 adopted or readopted by the director in accordance with P.L.1968,  
28 c.410.

29  
30 2. This act shall take effect immediately.

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#### STATEMENT

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35 This bill, designated the Shop Here, Save Money, Secure Jobs  
36 Act of 2008, provides an emergency shot in the arm for New  
37 Jersey's economy – one that will increase the purchasing power of  
38 consumers, lure shoppers from New York and Pennsylvania, save  
39 businesses and save jobs. Specifically, the bill reduces the State  
40 sales tax by half, starting on the day after Thanksgiving Day 2008  
41 ("Black Friday") and lasting through Sunday, January 4, 2009. In  
42 most of the State, this would mean a sales tax reduction from 7% to  
43 3.5%. In Urban Enterprise Zones and Salem County, which have a  
44 3.5% sales tax rate on some sales, the rate on those sales would be  
45 reduced to 1.75%.

46 The current economic turmoil has already created a drop in retail  
47 sales and has led the Office of Legislative Services and others to  
48 project that consumers will spend less this holiday season, which

1 will further erode New Jersey's economic well-being. New Jersey  
2 consumers need a break and the State's businesses need a boost.  
3 Reducing the sales tax will make this shopping season more  
4 affordable for consumers while increasing sales for businesses.  
5 Because of the regressive nature of the sales tax, this reduction will  
6 particularly help lower income families.

7 Studies have shown that the best short-term stimulus puts money  
8 in the pockets of families that are most vulnerable in a weakening  
9 economy. Those families with the least disposable income will be  
10 the first to cut back. Allowing them to keep more of their money  
11 while shopping or dining will help them during the downturn while  
12 increasing aggregate economic activity. Higher household spending  
13 encourages firms to hire more workers, which further boosts  
14 household income and spending.

15 By making New Jersey's sales tax rate more competitive with  
16 those of surrounding states, this temporary sales tax reduction will  
17 retain consumer spending in New Jersey that would otherwise go to  
18 Pennsylvania or Delaware, and in addition will draw out-of-State  
19 shoppers into New Jersey stores and restaurants. This bill will  
20 create a holiday season competitive advantage over Pennsylvania,  
21 which has a 6% statewide rate and a 7% rate in Philadelphia; nearly  
22 eliminate Salem County's disadvantage with Delaware, which has  
23 no sales tax, by reducing Salem County's rate to 1.75%; and greatly  
24 increase New Jersey's existing advantage over New York City,  
25 which has an 8 3/8% rate.

26 In a prior statutory enactment, the Legislature has specifically  
27 recognized that a substantially lower sales tax creates "a significant  
28 advantage in competition for customers" against adjacent  
29 geographic areas. This bill operates on the very same principle.

30 While much of the focus by policymakers thus far has been on  
31 how to bail out the big Wall Street investors, this bill will extend a  
32 hand to help struggling families and small businesses. This  
33 approach is not intended as a long-term fix for the State's economy;  
34 separate proposals have been made in that regard. This bill is  
35 designed to provide much needed short-term benefits for consumers  
36 and businesses alike during the crucial holiday retail season.

37 When the choice is to either protect bloated State government  
38 spending or provide some relief to struggling families when they  
39 most need it, government should feel the pinch. In this case, it  
40 would be a small pinch equal to about 1.5% of the State's current  
41 budget, but the cost of failing to enact this proposal could be much  
42 more substantial for families, workers, small businesses, and the  
43 State's economic health.